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14. The statement in connection with the discussion of the English income tax (pp. 64, 65), that, as a result of the abatements allowed, the rates in the lowest class of taxable incomes, £160 to £400, are regressive is based on the fact that for the lower incomes in the class the author calculates the rate on the taxable income, while for the higher incomes he calculates it on the whole income. In discussing the ability tax in Tasmania (p. 27) it is stated that "as to ordinary adult lodgers, the proportion which the amount annually expended on board and lodging bears to the whole income is about two to one in the lower incomes, and about four to one in the higher incomes." Exactly the reverse proportion is, of course, meant. On the next page the statement that incomes under £60 pay a fixed sum of two and one-half pounds is taken from an evident misprint in the English blue book dealing with income taxation in the colonies, the correct amount, 2s. 6d., being given on another page of the same report.

To the discussion of income taxes in foreign countries are added a chapter on the income tax in the individual states of the United States which adds nothing to the information readily accessible in Dr. Kinsman's study; a chapter on the income taxes levied by the Federal Government, a useful summary; and chapters on the history of the corporation tax legislation, the income tax amendment, and the action taken by the states in regard to it. A summary chapter at the close brings out some significant facts and makes some suggestive comparisons between the methods followed and results obtained in different countries. It is shown that there has been a rapid extension of income taxation in recent years, that the tax is now levied in countries comprising a population of 540,000,000, that exemptions are greater and rates somewhat lower, on the average, in English-speaking countries than in the countries of Continental Europe. In thirty-seven countries for which the facts were available the income tax is stated to yield 50 per cent of the total revenue from direct taxation. A bibliography contains some useful references.

HENRY B. GARDNER.

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*Die französische Steuerreform. Insbesondere die neue allgemeine Einkommensteuer.* By DR. ROBERT GEBHARDT. (Zürich: Verlag Art. Institut Orell Füssli, 1910. Pp. xl, 196. 6m.)

This volume is an exceedingly bright and thorough survey of the recent reform of French taxation, and especially of the new

income tax. As the author explains in the preface, the book deals largely with the proposals before the Chamber of Deputies, and not with the completed law as finally passed.

An introductory chapter of some twenty pages is devoted to a survey of the nature of French taxation. While, to be sure, this is nothing more than a mere sketch, it is clear, and observes relative emphasis in an admirable manner. In France indirect taxation has probably found a higher development than in other countries. Indirect taxes yielded in 1908 over 20,000,000,000 francs against 560,000,000 from direct taxes. Some of the principal taxes are those levied upon wine, spirits, beer, sugar, salt, tobacco, etc. There are also the *octrois*, or gate duties, collected by some of the cities as a means of contributing their share of the direct taxes to the general treasury. The imperative necessity of finding a larger income for the state has led the legislative body to disguise, as far as possible, the nature and extent of the burden, lest the uninitiated should protest too violently against legitimate taxation. Nevertheless, it may be said with justice that the preference for indirect taxes in France has hitherto indicated a low state of political ethics relatively to that obtaining in Great Britain and Prussia.

Dr. Gebhardt next deals with the new general progressive income tax, and explains in detail the characteristic features of the same, especially in connection with the nature and extent of the income. The Parliamentary Commission on fiscal legislation dealt, in addition to the ordinary income proposals, with a supplementary income tax as a substitute for the four direct taxes—land and houses, doors and windows, trade licenses and house rentals. The rate was to be fixed at 5 per cent on the total income, from which a graduated reduction would be made for incomes from 5000 f. to 25,000 f., above which sum the full duty would be charged.

In Part III a careful estimate is made of the value of the taxes as an integral part of the French system, taking into consideration both the political and psychological aspects of the innovation. The taxes are the outcome of two years' careful discussion before M. Caillaux introduced his measure into the Chamber of Deputies. Many objections have been urged against what have been termed the socialistic tendencies of the measure. Article 90 imposes a progressive tax of from 4 to 5 per cent on revenues of companies which exceed \$200,000. This tax will not

fall solely upon great corporations, as intended, but upon thousands of small shareholders in the Bank of France, the Crédit Foncier, and others; while individual capitalists with a like income will escape with a tax of  $3\frac{1}{2}$  per cent. The special tax (Art. 89) is also objected to, because it is a progressive tax on the amount of business done and not upon profits realized, the true indication of ability to pay. Moreover it is urged that too great inquisitorial powers are given to public officers, which may be not only offensive but hurtful to private business interests.

Dr. Gebhardt presents, in three parallel columns, a very interesting account of the evolution of the new measure. A good bibliography is given of works, in French and German, dealing with the subject under discussion. An index would be no doubt appreciated by all who may use the work.

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*The Most-Favored-Nation Clause in Commercial Treaties. Its Function in Theory and in Practice and its Relation to Tariff Policies.* By STANLEY KUHLMORN. Bulletin of the University of Wisconsin; Economics and Political Science Series, Volume VI, No. 2. (Madison, Wis. 1910. Pp. 121.)

With the great expansion of international trade during and after the seventeenth century the employment of the "most-favored-nation" principle increased until it came to be regarded as the "corner-stone" of all modern commercial treaties. The fortunes of this proviso are described in this timely monograph. This includes an account of its origin and general acceptance; the scope of its operation and the various forms in which it appears; the practices of various nations, especially of the United States and England; the principal differences in interpretation; and the advantages and disadvantages claimed for the policy. A special chapter is devoted to the German American most-favored-nation relations, and the study closes with a bibliography.

There was an early realization of the need of some means whereby nations sustaining commercial relations with each other could protect themselves from "present or future disadvantages and discriminations"; and this led to the adoption of the most-favored-nation clause, which aims to insure to the parties to a treaty that any concession "which either grants to a third shall be granted to the other."